

REMARKS

This application has been reviewed in light of the Office Action dated January 27, 2005. Claims 1-2, 4, 6, and 12-18 are now pending, with Claims 1, 12, 13, and 16 in independent form. Claims 3, 5, and 7-11 have been cancelled by this Amendment, without prejudice or disclaimer of the subject matter presented therein. Claims 12-18 have been added by this Amendment to provide Applicants with a more complete scope of protection. Claim 12 includes features present in dependent claims 2, 4, and 6, and is respectfully submitted to be fully supported by the original disclosure. Support for newly added Claims 13-18 can be found in the specification at least at page 4, last paragraph. Claims 1, 2, and 4-6 have been amended to define the invention more clearly. Applicants note that the changes to Claims 1, 2, and 6, except for the changes discussed below, affect matters of form only and do not, in any way, narrow the scope of any of these claims. Favorable reconsideration is requested.

As an initial matter, Applicants respectfully request that the PTO-1449 form from the Information Disclosure Statement submitted on June 23, 2003, be initialed and returned to Applicants, indicating that the cited references have been considered. As shown by the enclosed PAIR printout, such Information Disclosure Statement has a Patent Office mail room date of June 23, 2003. A copy of such Information Disclosure Statement is attached hereto.

Claims 1-11 were rejected under 35 U.S.C. § 101 as allegedly including non-statutory subject matter. In particular, it is alleged in the Office Action that the claims do not include a technological basis. Without conceding the propriety of these rejections,

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amended independent Claim 1 and newly added independent Claim 12 each include an estimating step performed by a data processing device.

Claims 1-11 also were rejected under Section 101 because the limitation “acting on the evaluation” present in the original independent claims allegedly does not provide a useful, tangible, and concrete result. Without conceding the propriety of this rejection, Applicants note that the “acting on the evaluation” step has been replaced with a --providing the reserve level-- step in independent Claim 1 and independent Claim 12. Applicants respectfully submit that the --providing the reserve level-- step produces a useful, concrete, and tangible result in that the reserve level may be used by a company to efficiently allocate its capital. *See* the last paragraph of page 1 of the specification and AT&T Corp. v. Excel Comm., Inc., 172 F.3d 1352, 1358 (Fed. Cir. 1999) (citing Arrhythmia Research Technology, Inc. v. Corazonix Corp., 958 F.2d 1053, 1060 (Fed. Cir. 1992) (“That the product is numerical is not a criterion of whether the claim is directed to statutory subject matter.”)).

In view of the above, Applicants submit that the all pending claims are drawn to statutory subject matter and respectfully request withdrawal of the Section 101 rejections.

Claims 1-11 were rejected under 35 U.S.C. § 112, second paragraph, as allegedly indefinite. Regarding the limitations “calculating a reserve level appropriate to the portfolio; and acting on the evaluation,” the Office Action is understood to require that each possible course of action for acting on the evaluation needs to be addressed in the independent claims. Without conceding the propriety of this rejection, Applicants note that

the “acting on the evaluation” step present in the original independent claims has been replaced with the --providing the reserve level-- step in independent Claim 1. The -- providing the reserve level also is present in newly added independent Claims 12, 13, and 16. Applicants respectfully submit that independent Claims 1, 12, 13, and 16 are definite in that they require only that the reserve level be provided for use and are not limited to any particular course of conduct subsequent to the providing of the reserve level. Because the provided reserve level may be used for any number of useful purposes, such as making capital allocation decisions, independent Claims 1, 12, 13, and 16 are not limited to any particular use of the reserve level. Applicants’ submit that no ambiguity exists regarding providing a reserve level and respectfully request withdrawal of the Section 112, second paragraph, rejections.

Claims 1-11 have been rejected under 35 U.S.C. § 103(a), as allegedly unpatentable over U.S. Patent No. 6,502,080 (“Eichorst et al.”) in view of U.S. Patent Application Publication No. 2002/0198797 (“Cooper et al.”). Applicants submit that amended independent Claim 1 and newly added independent Claims 12, 13, and 16, together with the remaining dependent claims, are patentably distinct from the proposed combination of the cited references at least for the following reasons.

Claim 1 is directed to a method for providing a reserve level for covering a risk of residual value loss from a portfolio of leased depreciable items. The method includes the steps of obtaining data pertaining to a portfolio of leased items, obtaining price forecast data, and obtaining historical data on similar leased items. Further, a date of an occurrence is assigned to each of the leased items. The occurrence for at least one of the

leased items is an early termination of a lease. The method also includes the step of assigning a dollar value to each of the leased items, respectively, on the corresponding date of occurrence based at least upon the price forecast data and the historical data. A residual value of the portfolio of leased items is estimated with a data processing device based at least upon the assigned dates and dollar values. Additionally, a reserve level appropriate to the portfolio is calculated based at least upon the estimated residual value. The method also includes the step of providing the reserve level.

A notable feature of Claim 1 is that a date of an occurrence is assigned to each of the leased items, where the occurrence for at least one of the leased items is an early termination of a lease. Support for this feature is set forth in the specification at least at the last paragraph of page 6 and the first and second full paragraphs of page 7. This portion of the specification states, in part, that:

[f]irst, the modulating occurrences are identified and estimates of their probabilities are provided. For example, in auto leasing the primary occurrences are 1) early termination, 2) return and 3) purchase. Assume for purposes of explanation, that the probabilities of these occurrences are P_1 , P_2 and P_3 , respect[ivel]y. (It is assumed that P_1 , P_2 and P_3 are mutually exclusive and $P_1 + P_2 + P_3 = 1$.)

Next, for purposes of calculation, each item in the portfolio is randomly allocated to one among these occurrences in accordance with the probability distribution of the occurrences. . . . Next each item in the portfolio is assigned a date for its occurrence to happen. The dates should be assigned randomly but in accordance with the time distribution of the allocated occurrence.

According to this embodiment, each item in the portfolio is determined to have an early termination occurrence, a return occurrence, or a purchase occurrence. Further, a date at which each item's occurrence happens is assigned. For example, in a portfolio of leased automobiles, it may be determined that a first automobile will have an early termination occurrence on a first date, a second automobile will have an early termination occurrence on a second date, a third automobile will have another type of occurrence on a third date, a fourth automobile will have yet another type of occurrence on a fourth date, and so on. Even though the actual losses for particular leased items may occur at different times, these variations tend to cancel each other out when applied to a large portfolio. (See the last paragraph on page 7 of the specification.) Accordingly, assigning particular dates to each leased item's occurrence, when viewed at a portfolio-level, provides a realistic view of when losses due to the occurrences will be realized. (It is to be understood, of course, that the scope of Claim 1 is not limited to the details of this embodiment, which is referred to only for purposes of illustration.)

In rejecting Claim 1 under Section 103(a), the Office Action refers to items 204 and 206 in Figure 2 of Eichorst et al. to disclose assigning dates and dollar values of the leased item on those dates subject to occurrence of uncertain timing. (See the middle of page 5 of the Office Action.) Only step 204 appears to be relevant to assigning dates. However, step 204 of Eichorst et al. is understood to relate to calculating "the likelihood that a particular lease will terminate 1, 2, 3, 4, and/or 5 (or more) months *following* the maturity date." (Emphasis added. *See* col. 5, lines 31-34.) In other words, Eichorst et al. is not understood to assign a date of an occurrence, but is understood to calculate

probabilities that a termination of a lease will occur at a plurality of different times after maturity. In contrast, Claim 1 specifies that a date of an occurrence is *assigned* to each leased item, not a probability that the occurrence will occur at each of a plurality of different times. An advantage of assigning a date of an occurrence to each leased item is that it provides, on a portfolio level, a realistic view of when losses are to be realized.

Further, Eichorst et al. is understood to calculate probabilities that a termination of a lease will occur at a plurality of different times *after* maturity. (See col. 5, lines 31-34.) On the other hand, Claim 1 specifies that the occurrence for at least one of the leased items is an *early* termination, *i.e.*, before-maturity termination, of a lease. Assigning a date for an early termination occurrence accounts for losses that are realized before a lease maturity date. As understood by Applicants, however, Eichorst et al. teaches accounting for post-maturity termination and, consequently, post-maturity losses, but not pre-maturity losses due to early termination.

In view of the above, Eichorst et al. is not believed to teach or suggest “assigning a date of an occurrence to each of the leased items, wherein the occurrence for at least one of the leased items is an early termination of a lease,” as recited in Claim 1. Further, Applicants submit that the proposed combination of Eichorst et al. and Cooper et al., assuming such combination would even be permissible, still fails to teach or suggest this feature of Claim 1. Accordingly, Applicants submit that Claim 1 is patentable over the cited references, taken separately or in any proper combination. Therefore, withdrawal of the Section 103(a) rejections is respectfully requested.

Independent Claims 12, 13, and 16 include the same feature of assigning a date of occurrence to each of the leased items, wherein the occurrence for at least one of the leased items is an early termination of a lease, as discussed above in connection with Claim 1. Consequently, these claims are believed to be patentable at least for the reasons presented above.

The other rejected claims in this application depend from one Claim 1 and, therefore, are submitted to be patentable for at least the reasons discussed above.

In view of the foregoing amendments and remarks, Applicants respectfully request favorable reconsideration and an early allowance of the present application.

Applicants' undersigned attorney may be reached by telephone at (973) 597-2500. All correspondence should continue to be directed to our address listed below.

Respectfully submitted,



Justin D. Petruzzelli
Attorney for Applicants

Registration No. 52,118

Docket Administrator
Lowenstein Sandler PC
65 Livingston Avenue
Roseland, NJ 07068